

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 CIAE-00
DODE-00 INR-10 NSAE-00 PA-01 ICA-11 SP-02 /045 W
-----115792 180704Z /21

R 170717Z AUG 78

FM USLO PEKING

TO SECSTATE WASHDC 1713

C O N F I D E N T I A L PEKING 2543

E.O. 11652: GDS

TAGS: BEXP, BTRA, EIND, CH

SUBJ: NCUSCT PACKAGING DELEGATION VISIT TO PRC

SUMMARY: A FOUR-MAN DELEGATION REPRESENTING COMPANIES PRODUCING PACKAGING EQUIPMENT HAS COMPLETED A TWO WEEK VISIT TO CHINA WHICH INCLUDED TECHNICAL SEMINARS AND PLANT VISITS IN PEKING, SHANGHAI, TSINGTAO AND WUSHI. THE GROUP RECEIVED EXCELLENT TREATMENT -- ESPECIALLY CONSIDERING ITS SMALL SIZE AND THE RELATIVELY LIMITED SCOPE OF ITS COMBINED PRODUCT LINES. IN KEEPING WITH OTHER SIGNS OF A NON-POLITICAL BUSINESS-LIKE ATTITUDE, DISCUSSIONS WITH CHINESE OFFICIALS AT ALL LEVELS STRESSED TECHNICAL AND COMMERCIAL ASPECTS AND SELDOM TOUCHED POLITICAL MATTERS. THERE WERE NO COMMERCIAL TRANSACTIONS, BUT CHINESE OFFICIALS EXPRESSED DETAILED INTEREST IN SEVERAL DIFFERENT TYPES OF EQUIPMENT, AND ASKED AT LEAST TWO COMPANIES TO SUBMIT QUOTATIONS ON CONTRACTS WORTH ABOUT \$500,000. THE GROUP WAS NOT ABLE TO GET A FIRM ANSWER TO THEIR INVITATION FOR A CHINESE DELEGATION TO GO TO A PACKAGING EXHIBITION IN CHICAGO IN LATE FALL, BUT THE CHINESE INDICATED IT WAS UNDER SERIOUS CONSIDERATION. THE CHINESE ALSO DISCUSSED SOME OF THEIR PLANS CONCERNING CANNING, ADVERTISING AND STUDENT EXCHANGES. END SUMMARY.

1. A FOUR-MAN NATIONAL COUNCIL FOR U.S.-CHINA TRADE (NCUSCT) PACKAGING EQUIPMENT DELEGATION VISITED CHINA FROM JULY 28 TO
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AUGUST 11. IT WAS UNFORTUNATE THAT FOUR COMPANIES DROPPED OUT AT THE LAST MINUTE, BECAUSE THE FOUR REMAINING DELEGATION MEMBERS (REDUCED TO THREE MEN FOLLOWING THE SHANGHAI PORTION) COVERED A FAIRLY LIMITED NUMBER OF PACKAGING TECHNOLOGIES -- PRIMARILY CAPPING, FILLING AS WELL AS FLEXIBLE (I.E. PLASTICS AND PAPER) PACKAGING MACHINERY. THE DELEGATION MEMBERS WERE PRIMARILY MARKETING MANAGERS AND OC-

CASIONALLY HAD DIFFICULTY ANSWERING TECHNICAL QUESTIONS. FINALLY, THE EXTREMELY INFORMAL STYLE OF SOME MEMBERS (PROFANITY, ARMS AROUND HIGH RANKING PRC WOMEN CADRE) WENT BEYOND THEIR BRIEFING GUIDELINES AND WAS A CAUSE OF CONCERN TO BOTH NCUSCT AND USLO ESCORTS. DESPITE THESE NGATIVE ASPECTS, THE DELEGATION RECEIVED FIRST CLASS TREATMENT AT ALL STOPS. IN PEKING, THE WELCOMING BANQUET WAS HOSTED BY THE DEPUTY GENERAL MANAGER OF CHINA NATIONAL PACKAGING EXPORT CORPORATION (CHINAPK),

MENG JEN-NA; THE DELEGATION WAS EXCORTEED THROUGHOUT ITS TRIP BY HSU CHIEN-KUO, HEAD OF THE DIRECTOR'S OFFICE OF CHINAPAK AND WAS RECEIVED IN EACH CITY BY CHINAPAK'S TOP OFFICIAL.

2. DELEGATION MEMBERS DID NOT SIGN ANY CONTRACTS ON THE VISIT BUT WHILE THEY WERE IN PEKING THEY WERE ASKED TO QUOTE ON ABOUT \$500,000 OF SPECIFIC PACKAGING

MACHINES (E.G. WINE FILLING AND CAPPING AND CANDY OVERWRAPPING MACHINERY). DURING SEMINARS AND PLANT VISITS, PLANT OFFICIALS OFTEN

ASKED ABOUT THE PRICES ON SPECIFIC LINES AND HOW THE PRICE WOULD CHANGE IF THIS OR THAT ATTACHMENT WERE ADDED OR SUBTRACTED. THE IMPRESSION THAT WAS LEFT WAS THAT CHINESE CONFIDENTIAL

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ENTERPRISES ARE NOW CAREFULLY CALCULATING THE FOREIGN EXCHANGE COST OF IMPORTS.

3. THE DELEGATION ALSO REPRESENTED PACKAGING MACHINERY MANUFACTURERS INC. (PMMI) WHICH HAS INVITED CHINAPAK TO AN EXHIBITION IN CHICAGO IN OCTOBER AND NOVEMBER. THE DELEGATION WAS UNABLE TO OBTAIN A FINAL DECISION OUT AT THE FINAL BANQUET CHINESE OFFICIALS INDICATED THAT THEY HAD THE TRIP UNDER SERIOUS CONSIDERATION. DURING THE TRIP, CHINAPAK ALSO ASKED ABOUT SENDING STUDENTS TO THE U.S. TO STUDY PACKAGING. IT TURNED OUT THAT PMMI SUPPORTS TWO OR THREE SUCH PROGRAMS AT DIFFERENT U.S. UNIVERSITIES. NCUSCT ESCORT JACKSON DISCUSSED TUITION AND LIVING EXPENSES FOR A HYPOTHETICAL ACADEMIC YEAR IN THE U.S. THE CHINESE INDICATED THEY WERE CONSIDERING THE FEASIBILITY OF ESTABLISHING PACKAGING INSTITUTES IN CHINA.

4. THE TRIP WAS PLAGUED BY A POORLY PLANNED AND CONSTANTLY CHANGING ITINERARY. THE DELEGATION HAD EXTENDED THEIR VISIT TO CHINA AFTER UNDERSTANDING THAT CHINAPAK HAD ARRANGED AN ADDITIONAL TWO DAY BUSINESS TRIP TO WUHSI. HOWEVER, IT TURNED OUT THAT THE WUHSI TRIP WAS ALMOST ENTIRELY SIGHT-

SEEING AND IT WAS TOO LATE TO CHANGE THEIR FLIGHT PLANS. DUE TO LAST MINUTE DIFFICULTIES IN MAKING TRANSPORTATION ARRANGEMENTS IT WAS NECESSARY TO TAKE THE TRAIN FROM SHANGHAI TO TSINGTAO AND THEN FROM TSINGTAO BACK TO WUHSI -- JUST FOR ONE AND A HALF DAYS IN TSINGTAO. THE RESULT WAS AN EXTREMELY HOT, TIRED AND SOMEWHAT FRUSTRATED DELEGATION. IN WUHSI, THE CHINESE INSISTED THAT THE DELEGATION PARTICIPATE IN ALL THE PLANNED SIGHTSEEING ACTIVITIES, EVEN THOUGH SOME REST WOULD HAVE BEEN IN ORDER. FINALLY, ON THE LAST DAY CHINAPAK "SPRUNG" A TECHNICAL SEMINAR ON THE DELEGATION WHICH WAS EXPECTING A ROUTINE FACTORY VISIT. ON THE OTHER HAND, THE CHINESE MAY HAVE BEEN JUSTIFIED IN NOT DOING A GREAT DEAL OF ADVANCE PLANNING SINCE IN THE CASE OF PREVIOUS DELEGATIONS THEY HAVE COME TO ANTICIPATE SUBSTANTIAL LAST

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MINUTE ITINERARY CHANGES. (COMMENT: THE BASIC PROBLEM -- OF TOO LITTLE ADVANCE PLANNING AND A LACK OF THOROUGH EXCHANGE OF INFORMATION WELL BEFORE THE TRIP IS UNDERWAY -- IS, OF COURSE, NOT NEW AND IS NOT UNIQUE TO NCUSCT (SOME OF THE SAME PROBLEMS OCCUR IN CSCPRC PROGRAMS).

5. IN THE COURSE OF THE DISCUSSIONS, CHINAPAK OFFICIALS TOLD THE DELEGATION THAT CHINAPAK WAS PRESENTLY CONSIDERING THREE COMPETING PROPOSALS FROM WEST GERMANY, ENGLAND AND THE U.S. (PRESUMABLY CONTINENTAL CAN) TO INSTALL A CANNING LINE AT TSINGTAO BEER FACTORY. THEY ALSO EXPRESSED AN INTEREST IN LEARNING ABOUT POSSIBLE ADVERTISING PROGRAMS FOR CHINESE PRODUCTS IN THE U.S.

6. ALL OF THE MEETINGS AND BANQUETS WERE NOTABLY FREE OF POLITICS. THE CHINESE SYSTEMATICALLY STRESSED THE BACKWARDNESS OF CHINESE PLANT AND TECHNOLOGY AND AGGRESSIVELY ASKED FOR COMMENTS AND SUGGESTIONS FROM THE U.S. BUSINESSMEN. SUCH REQUESTS OFTEN SEEMED PRO FORMA IN THE PAST, BUT NOW THEY APPEAR ENTIRELY GENUINE AND SINCERE.

7. TSINGTAO AND WUHSI ARE BOTH CONSTRUCTING NEW HOTELS FOR FOREIGNERS. THE TSINGTAO HOTEL IS ADJACENT TO A MULTISTORIED BUILDING TO BE USED AS A FOREIGN TRADE EXHIBITION HALL. THE WUHSI HOTEL IS SAID TO BE ON LAKE TAI AND THE LOCAL GUIDE SAID THAT LOCAL OFFICIALS HAVE CONSIDERED USING PART OF THE LAKE FOR SWIMMING AND BOATING, INCLUDING SAILBOATING (SIC).

8. SOME OF THE BUSINESS DISTRICTS IN SHANGHAI ARE UNDERGOING A SPRUCING UP. NEW SHOPS AND RESTAURANTS HAVE BEEN OPENED AND MANY STORE FRONTS HAVE RECEIVED FRESH COATS OF PAINT. WHEN COMBINED WITH NEW CONSTRUCTION AND RENOVATION ON EXISTING

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BUILDINGS THE IMPRESSION IS ONE OF A MODERATELY COMPREHENSIVE
PROGRAM TO UPGRADE THE CENTRAL BUSINESS DISTRICT. WOODCOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PACKAGING, VISITS, MEETING DELEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PEKING02543
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780337-1036
Format: TEL
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780854/aaaabsnr.tel
Line Count: 177
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0aa4fc61-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1709671
Secure: OPEN
Status: NATIVE
Subject: NCUSCT PACKAGING DELEGATION VISIT TO PRC SUMMARY: A FOUR-MAN DELEGATION REPRESENTING COMPANIES PRODUCING PACKAGING EQUIPMENT HAS COMPLETED A TWO W EE
TAGS: BEXP, BTRA, EIND, CH, NCUSCT
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0aa4fc61-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014